Federal Economic Development Agency for Southern Ontario

2013–14

Departmental Performance Report

The Honourable James Moore
Minister of Industry

The Honourable Gary Goodyear
Minister of State (Federal Economic Development Agency for Southern Ontario)

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Foreword

Departmental Performance Reports are part of the Estimates family of documents. Estimates documents support appropriation acts, which specify the amounts and broad purposes for which funds can be spent by the government. The Estimates document family has three parts.

Part I (Government Expenditure Plan) provides an overview of federal spending.

Part II (Main Estimates) lists the financial resources required by individual departments, agencies and Crown corporations for the upcoming fiscal year.

Part III (Departmental Expenditure Plans) consists of two documents. Reports on Plans and Priorities (RPPs) are expenditure plans for each appropriated department and agency (excluding Crown corporations). They describe departmental priorities, strategic outcomes, programs, expected results and associated resource requirements, covering a three-year period beginning with the year indicated in the title of the report. Departmental Performance Reports (DPRs) are individual department and agency accounts of actual performance, for the most recently completed fiscal year, against the plans, priorities and expected results set out in their respective RPPs. DPRs inform parliamentarians and Canadians of the results achieved by government organizations for Canadians.

Additionally, Supplementary Estimates documents present information on spending requirements that were either not sufficiently developed in time for inclusion in the Main Estimates or were subsequently refined to account for developments in particular programs and services.

The financial information in DPRs is drawn directly from authorities presented in the Main Estimates and the planned spending information in RPPs. The financial information in DPRs is also consistent with information in the Public Accounts of Canada. The Public Accounts of Canada include the Government of Canada Consolidated Statement of Financial Position, the Consolidated Statement of Operations and Accumulated Deficit, the Consolidated Statement of Change in Net Debt and the Consolidated Statement of Cash Flow, as well as details of financial operations segregated by ministerial portfolio for a given fiscal year. For the DPR, two types of financial information are drawn from the Public Accounts of Canada: authorities available for use by an appropriated organization for the fiscal year, and authorities used for that same fiscal year. The latter corresponds to actual spending as presented in the DPR.

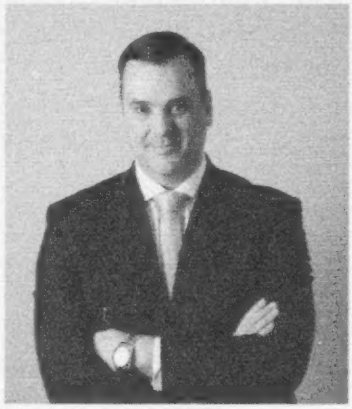
The Treasury Board *Policy on Management, Resources and Results Structures* further strengthens the alignment of the performance information presented in DPRs, other Estimates documents and the Public Accounts of Canada. The policy establishes the Program Alignment

Architecture of appropriated organizations as the structure against which financial and non-financial performance information is provided for Estimates and parliamentary reporting. The same reporting structure applies irrespective of whether the organization is reporting in the Main Estimates, the RPP, the DPR or the Public Accounts of Canada.

A number of changes have been made to DPRs for 2013–14 to better support decisions on appropriations. Where applicable, DPRs now provide financial, human resources and performance information in Section II at the lowest level of the organization's Program Alignment Architecture.

In addition, the DPR's format and terminology have been revised to provide greater clarity, consistency and a strengthened emphasis on Estimates and Public Accounts information. As well, departmental reporting on the Federal Sustainable Development Strategy has been consolidated into a new supplementary information table posted on departmental websites. This new table brings together all of the components of the Departmental Sustainable Development Strategy formerly presented in DPRs and on departmental websites, including reporting on the Greening of Government Operations and Strategic Environmental Assessments. Section III of the report provides a link to the new table on the organization's website. Finally, definitions of terminology are now provided in an appendix.

Minister's Message



I am pleased to report on the Industry Portfolio's key activities in 2013–14.

During this period, facilitating support for business innovation, strengthening private sector investment in job creation, and creating lasting partnerships with the research community were among our priorities.

Since its inception in 2009, the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) has consistently responded to the economic needs of southern Ontario and its communities. FedDev Ontario's delivery of programs and services has contributed, and will continue to contribute, to the Government of Canada's top priority: creating jobs, growth and prosperity. Now into its second mandate, FedDev Ontario has established itself as an advocate for southern Ontario, with a keen understanding of the region and what needs to be done to help steer its economy in the right direction.

Working together, Industry Canada and our portfolio partners will continue to improve competitiveness, cost-efficiencies and job opportunities, bolstering the Canadian economy and furthering our government's commitment to create jobs and growth.

I am pleased to present the *2013–14 Departmental Performance Report* for FedDev Ontario.

James Moore
Minister of Industry

Minister of State's Message

As Minister of State for the Federal Economic Development Agency for Southern Ontario (FedDev Ontario), I am honoured to present the 2013–14 Departmental Performance Report.

The Departmental Performance Report provides detailed information about how FedDev Ontario is fulfilling its mandate to promote the development of a strong and diversified southern Ontario economy. FedDev Ontario has much to report with 2013–14 marking the end of the Agency's initial five-year mandate, and with the development and launch of a new programming suite.

This past year, FedDev Ontario concentrated its efforts on building on southern Ontario's economic advantages and leveraging key relationships to improve the competitiveness of the southern Ontario economy with an emphasis on three key external program areas:

- Technological Innovation – Encouraging the creation of new products, services, processes and markets that contribute to the region's competitiveness;
- Business Development – Promoting southern Ontario small- and medium-sized enterprises to encourage collaboration and investment in start-up companies, business expansion and increased productivity; and
- Community Economic Development – Supporting communities and regions throughout southern Ontario to identify local solutions to local challenges and opportunities.

At FedDev Ontario, we are aware of the ever-changing economic landscape and are focused on providing the necessary supports and structures so southern Ontario can achieve economic prosperity and contribute to a strong and prosperous Canada, today and into the future.

The Honourable Gary Goodyear
Minister of State (Federal Economic Development Agency for Southern Ontario)

President's Message

The past year has been a particularly busy and exciting time for the Federal Economic Development Agency for Southern Ontario (FedDev Ontario), and I am pleased to be able to report on FedDev Ontario's accomplishments and the great strides we made in preparing for our second five-year mandate.

FedDev Ontario celebrated a number of milestones in 2013–14 as the Southern Ontario Advantage Initiatives came to a close along with the Community Improvement Infrastructure Fund. The launch of the Southern Ontario Prosperity Initiatives and Advanced Manufacturing Fund, and extension of both the Eastern Ontario Development Program and the Economic Development Initiative provided occasion to meet with stakeholders and share our vision and plans for the future.

This year's report presents a unique opportunity to reflect upon and summarize the totality of FedDev Ontario's first five years; from delivering stimulus programs to ease the burden of challenging economic times, to cultivating key partnerships that will lead to long-term business growth, we remain committed to our mandate and to the people of southern Ontario to promote the development of stronger, more prosperous communities.

Karen Ellis
President

Section I: Organizational Expenditure Overview

Organizational Profile

Minister of Industry: The Honourable James Moore

Minister of State: The Honourable Gary Goodyear

Deputy Minister: Karen Ellis (President)

Ministerial Portfolio: Industry

Enabling Instrument:

Order in Council P.C. 2009–1410 dated August 13, 2009, amending Schedule I.1 of the *Financial Administration Act*[i] to include the Federal Economic Development Agency for Southern Ontario as a department.

Order in Council P.C. 2009–1411 dated August 13, 2009, whereby the department of Industry transferred to the Federal Economic Development Agency for Southern Ontario the control and supervision of the portion of the federal administration in the department of Industry known as the Southern Ontario Regional Economic Branch.

Year of Incorporation / Commencement: 2009

Organizational Context

Raison d'être

As Canada's most populous region— home to more than 12.7 million residents living in 288 communities—southern Ontario is a key contributor to the Canadian economy. The Government of Canada created the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) in 2009 as part of Canada's Economic Action Plan to work with the region's communities, businesses and not-for-profit organizations to actively promote the region and build a strong foundation of partnerships and relationships to secure Canada's long-term prosperity. To fulfill its mandate, FedDev Ontario supports technological innovation, business development, and community economic development in southern Ontario by working with partners and stakeholders across the region and responding to emerging opportunities and challenges. FedDev Ontario directs resources towards activities with the greatest impact to address community and business needs, and as a means of propelling the southern Ontario economy forward from a position of strength and prosperity, both in Canada and on the global stage. The Minister of State for the Federal Economic Development Agency for Southern Ontario is responsible for this organization.

Responsibilities

FedDev Ontario is responsible for promoting the development of a strong and competitive southern Ontario economy. As one of twelve federal departments and agencies that make up the Industry Canada portfolio, FedDev Ontario leverages resources and optimizes synergies within this portfolio in order to further the Government's goal of building a knowledge-based economy in all regions of Canada and to advance the Government's jobs and growth agenda.

Through its various roles (co-investor, convenor, champion and a delivery agent for national programs) FedDev Ontario has continued to provide support for job creation, economic growth and the long-term prosperity of southern Ontario.

With the conclusion of its first five-year mandate on March 31, 2014, and its renewal through Economic Action Plan 2013 with $920 million in funding over the next five years, FedDev Ontario's focus in 2013–14 was both to close out its first suite of programming while designing and launching a new collection of initiatives to respond to the current economic conditions across the region.

Scope of Operations

FedDev Ontario is headquartered in Kitchener and has offices throughout southern Ontario to support program delivery. Its mandate covers southern Ontario, as defined by the following 37 Statistics Canada census divisions:

- Stormont, Dundas and Glengarry
- Kawartha Lakes
- Niagara
- Middlesex
- Prescott and Russell
- Peterborough
- Haldimand–Norfolk
- Huron
- Ottawa
- Durham
- Halton
- Essex
- Brant
- Bruce
- Leeds and Grenville
- York
- Waterloo
- Grey
- Lanark
- Toronto
- Perth
- Simcoe
- Frontenac
- Northumberland
- Hamilton
- Peel
- Oxford
- Haliburton
- Lennox and Addington
- Dufferin
- Elgin
- Renfrew
- Hastings
- Wellington
- Chatham–Kent
- Prince Edward
- Lambton

Federal Economic Development Agency for Southern Ontario (FedDev Ontario) - Catchment Area and Census Divisions

According to Statistics Canada's annual population estimates for 2013, southern Ontario has a population of over 12.7 million, representing 93.6 percent of Ontario's total population and 36 percent of the total population of Canada.

Strategic Outcome and Program Alignment Architecture

FedDev Ontario's activities and results in 2013–14 supported three external pillars (as depicted below) in its Program Alignment Architecture: Technological Innovation; Business Development; and Community Economic Development. FedDev Ontario's programs were designed to engage and develop key partnerships, generate economic opportunities and build on southern Ontario's economic advantages. By maximizing these strategic partnerships and funding innovative and impactful projects in 2013–14, FedDev Ontario continued to work to create the conditions for economic prosperity and long-term sustainability in support of a competitive southern Ontario economy. These efforts contributed to Canada's overall economic achievements to create jobs, growth and prosperity.

1. Strategic Outcome: A competitive southern Ontario economy

- **1.1 Program: Technological Innovation**
  - **1.1.1 Sub-Program: Science, Technology, Engineering and Mathematics Awareness**
  - **1.1.2 Sub-Program: Skills Development**
  - **1.1.3 Sub-Program: Technology Development and Commercialization**
- **1.2 Program: Business Development**
  - **1.2.1 Sub-Program: Business Investment**
  - **1.2.2 Sub-Program: Business Productivity and Innovation**
- **1.3 Program: Community Economic Development**
  - **1.3.1 Sub-Program: Community Futures Program**
  - **1.3.2 Sub-Program: Eastern Ontario Development Program**
  - **1.3.3 Sub-Program: Official Language Minority Communities**
  - **1.3.4 Sub-Program: Infrastructure Delivery**

Internal Services

Organizational Priorities

Priority	Type[1]	Programs
Enhancing collaboration and advancing the interests of southern Ontario	New	Program 1.1—Technological Innovation Program 1.2—Business Development Program 1.3—Community Economic Development Internal Services

Summary of Progress

What progress has been made toward this priority?

- In January 2014, the Minister of State and senior executives of FedDev Ontario hosted information sessions for stakeholders from the food and beverage processing industry (an important economic sector for southern Ontario). The purpose was three-fold: to introduce FedDev Ontario's new programming suite; to gain a better understanding of industry-specific challenges in this sector; and to discuss how FedDev Ontario could help address some of these challenges by supporting business growth, productivity improvements, market expansion and regional diversification.
- FedDev Ontario worked collaboratively throughout the year with its federal and provincial partners, municipalities and First Nations groups to deliver its transfer payment programs across Ontario, as well as special projects (e.g., Brantford Greenwich–Mohawk Brownfield Remediation Project) and programs delivered on behalf of Infrastructure Canada and jointly with the Province of Ontario. This also included working with other federal departments on program design and delivery (e.g., Advanced Manufacturing Fund and Community Infrastructure Improvement Fund).
- Regional Development Agencies continued to meet regularly at the ministerial, deputy and officials' level on policy and program issues of common interest, e.g., Regional Federal Councils, Industrial and Technological Benefits and Blueprint/Destination 2020.
- As Chair of the Ontario Federal Council, the Deputy Minister of FedDev Ontario continued to ensure that the Council provided a forum to bring together senior representatives across federal departments and agencies operating in Ontario to discuss priorities and developments specific to the region, support collaboration on government-wide initiatives and strengthen the federal network and presence in the region. These activities were carried out through quarterly meetings as well as through other forms of communication throughout the year.
- Combined, these efforts were designed to raise awareness of FedDev Ontario's programming; better support potential applicants in submitting their proposals for

[1] Type is defined as follows: previously committed to—committed to in the first or second fiscal year prior to the subject year of the report; ongoing—committed to at least three fiscal years prior to the subject year of the report; and new—newly committed to in the reporting year of the RPP or DPR. If another type that is specific to the department is introduced, an explanation of its meaning must be provided.

consideration; and, where proposals did not appropriately fit one of FedDev Ontario's programs, re-direct or connect applicants to other organizations.
- FedDev Ontario applied its knowledge of southern Ontario's aerospace and defence industry to connect relevant regional companies to prime contractors with Industrial and Technological Benefits obligations. FedDev Ontario also promoted southern Ontario interests at federal defence procurement committees in the development of Canada's new Defence Procurement Strategy, and by encouraging and facilitating meetings, collaborations and partnerships between various companies in southern Ontario.

Priority	Type	Programs
Excellence in innovative programming	Previously committed to	Program 1.1—Technological Innovation Program 1.2—Business Development Program 1.3—Community Economic Development

Summary of Progress

What progress has been made toward this priority?

- Following the announcement of FedDev Ontario's renewal in Economic Action Plan 2013, FedDev Ontario held a series of roundtable sessions, led by the Minister of State, in May 2013. These roundtables provided an opportunity to solicit input from stakeholders on the development of a new suite of economic development initiatives.
- The new suite of initiatives— Southern Ontario Prosperity Initiatives— were developed and launched in 2013–14. The design and development of these new initiatives were the result of extensive research on the region's economic performance and future outlook, a review of the federal-provincial economic development program landscape in Ontario and consultations with stakeholders across southern Ontario.
- FedDev Ontario, in collaboration with Industry Canada, and through consultations with businesses, industry associations, chambers of commerce, regional innovation centres and post-secondary institutions, designed and developed the new Advanced Manufacturing Fund as announced in Economic Action Plan 2013 to respond to the needs and opportunities within the manufacturing sector across all of Ontario.
- FedDev Ontario incorporated several changes through the Community Futures Program to fully implement a performance-based funding model to spur greater performance across the 37 Community Futures Development Corporations located across southern Ontario.
- Implementation of a comprehensive risk-based monitoring plan, which ties project monitoring with project risk to help ensure the effective and efficient use of public funds and support greater due diligence, was also completed.

Priority	Type	Program
Strengthen organizational management	New	Internal Services

Summary of Progress

What progress has been made toward this priority?

- FedDev Ontario continued to augment its procedures to measure performance and support accountability. A business number analysis applying Statistics Canada data was used successfully in the evaluation of the Community Futures Program. The analysis compared the performance of comparable recipient and non-recipient firms in terms of growth in sales, employment growth, business survival rates, labour productivity growth and diversification index. It was determined that recipient firms performed better than non-recipients in terms of survival rates and growth in revenues, employment and wages. FedDev Ontario will continue to pursue the use of external data and business number analysis through other programs and for its forthcoming evaluations.
- The Treasury Board Directive on Performance Management was implemented. FedDev Ontario focused on clarifying expectations to employees at all levels and identifying how their work is linked to the greater FedDev Ontario and government objectives.
- FedDev Ontario also successfully implemented the Common Human Resources Business Processes as identified by Treasury Board Secretariat to streamline processes for most Human Resources functions across government, working closely with other Regional Development Agencies to identify efficiencies and share tools.
- FedDev Ontario reviewed its existing governance structure to reduce redundancies and streamline its internal committee structure to enable strategic peer- and management-level review and input into organizational activities and deliverables.
- FedDev Ontario continued to reduce its environmental footprint by implementing green procurement strategies, including the purchase of hybrid fleet vehicles and a greater reliance on technological solutions to reduce paper consumption. An increased reliance on videoconferencing in 2013–14 also contributed to a reduction in travel costs.
- Canada Business Ontario was effectively transferred to FedDev Ontario from Industry Canada on June 6, 2013, to align with the governance model of the Canada Business Network in which Canada Business centres are managed by Regional Development Agencies. As a result of this transfer, FedDev Ontario is working to better serve entrepreneurs and businesses across southern Ontario.

Risk Analysis

Key Risks

Risk[2]	Risk Response Strategy	Link to Program Alignment Architecture
Information Technology Systems Integration IT systems and infrastructure may be insufficient to support client/user needs and program/business processes, which could limit the availability of accurate and relevant information.	• Maintain ongoing discussions with Industry Canada (FedDev Ontario's information technology service provider) and Shared Services Canada to improve systems integration and adoption of new enterprise-wide systems. • Work collaboratively with other Regional Development Agencies and Treasury Board Secretariat to identify common business requirements to implement a common client relationship and case management solution for small departments and agencies. • Identify cross-Agency initiatives to develop strategies to improve collection, storage and use of data.	**Strategic Outcome:** A competitive southern Ontario economy **Program:** Internal Services
Outcomes Assessment Processes FedDev Ontario may have difficulty demonstrating project/program outcomes without continued enhancement of its performance assessment and data collection techniques.	• Use multiple methodologies for validating performance measures/lines of evidence, along with implementing third-party attestation for select outcome measures. • Conduct benchmarking research on key economic indicators (e.g., competitiveness, productivity and innovation). • Implement and monitor new Performance Measurement Strategies to support current initiatives. • Identify appropriate data selection to support	**Strategic Outcome:** A competitive southern Ontario economy **Programs:** Technological Innovation; Business Development; Community Economic Development; Internal Services

[2] FedDev Ontario organizational risks were revised after the submission of the 2013–14 Report on Plans and Priorities and additional organizational risks were identified and are presented herein.

	program evaluations and impact analysis and improve data collection methodology. • Expand business number analysis used under the Community Futures Program that applies Statistics Canada data to compare the performance of comparable recipient and non-recipient firms in terms of growth in sales, employment growth, business survival rates, labour productivity growth and diversification index.	
Forecasting Transfer Payment Programs Forecasted financial information for transfer payment programs may not be sufficient to enable FedDev Ontario to accurately plan while maintaining effective client relationships.	• Maintain good relations with clients to ensure that their projects are on track and are achieving expected results. • Respect the monitoring strategy adopted by FedDev Ontario that requires all active projects to be monitored according to approved policy. • Improve internal training, communication and documentation for forecasting purposes across FedDev Ontario.	**Strategic Outcome:** A competitive southern Ontario economy **Programs:** Technological Innovation; Business Development; Community Economic Development
Human Resources There is a risk that FedDev Ontario may experience challenges in managing frequent short-term and temporary staffing needs.	• Provide ongoing standardization of all staffing processes and improved tools to support the appropriate amount of rigour in staffing. • Provide internal/external information sessions for candidates and use new technologies and multiple methods to advertise jobs. • Use the recently developed Talent Management Strategy and Performance Management Directive to support continuous workforce improvement.	**Strategic Outcome:** A competitive southern Ontario economy **Program:** Internal Services

Capacity Without additional funding there is a risk that FedDev Ontario may not have the capacity to take on new programs while continuing to deliver its current level of service.	• Build on streamlining FedDev Ontario's program delivery and reducing the overall number of initiatives it delivers. • Consolidate support services for transfer payment program delivery to improve efficiency and standardize processes. • Leverage third-party delivery mechanisms for small-value projects with multiple ultimate recipients. • Adhere to the external service standard pledge and provide frequently asked questions via FedDev Ontario's external website in support of new initiatives.	**Strategic Outcome:** A competitive southern Ontario economy **Programs:** Technological Innovation; Business Development; Community Economic Development; Internal Services

Actual Expenditures

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	Difference[3]
222,812,766	222,812,766	246,708,681	234,280,405	11,467,639

Human Resources (Full-Time Equivalents [FTEs])

2013–14 Planned	2013–14 Actual	2013–14 Difference[4]
209	231	22

[3] The difference between actual and planned spending is primarily due to the transfer of $19.8 million in authorities from 2012–13 to 2013–14 for the Community Infrastructure Improvement Fund.

[4] The difference between actual and planned FTEs can be attributed to the addition of Canada Business Ontario, which was transferred to FedDev Ontario in June 2013.

Budgetary Performance Summary for Strategic Outcome and Programs (dollars)[5]

Strategic Outcome, Programs and Internal Services	2013–14 Main Estimates	2013–14 Planned Spending	2014–15 Planned Spending	2015–16 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2012–13 Actual Spending (authorities used)	2011–12 Actual Spending (authorities used)
Strategic Outcome: A competitive southern Ontario economy								
Technological Innovation	62,760,436	62,760,436	79,171,993	79,154,516	61,687,965	56,430,801	56,576,259	28,789,670
Business Development	90,406,932	90,406,932	77,643,433	77,626,294	89,670,252	87,659,299	131,523,159	131,711,291
Community Economic Development	55,397,113	55,397,113	34,102,802	26,098,219	75,083,532	71,120,480	34,609,151	51,314,065
Subtotal	208,564,481	208,564,481	190,918,228	182,879,029	226,441,749	215,210,580	222,708,569	211,815,026
Internal Services Subtotal	14,248,285	14,248,285	15,845,887	15,842,389	20,266,932	19,069,825	19,012,398	18,644,782
Total	222,812,766	222,812,766	206,764,115	198,721,418	246,708,681	234,280,405	241,720,967	230,459,808

FedDev Ontario directed its resources in 2013–14 to support the competitiveness of the southern Ontario economy by engaging with stakeholders and delivering transfer payment funding through approved projects to recipients that positively impacted the region. FedDev Ontario disbursed $204.2 million in transfer payments to eligible recipients in 2013–14 with an operating budget of $30.1 million. This included payments through the Community Futures Program ($11.3 million), Eastern Ontario Development Program ($13.2 million), Community Infrastructure Improvement Fund ($40.9 million), and FedDev Ontario's primary transfer payment vehicle, the Southern Ontario Development Program ($137.3 million), as well as a grant to the Corporation of the City of Brantford ($1.5 million).

The variance between planned spending and total authorities in 2013–14 was primarily due to $19.8 million in funding that was transferred from 2012–13 to 2013–14 for the Community Infrastructure Improvement Fund, which reports under the Community Economic Development Program area.

Further in-year adjustment, such as the transfer of $1.6 million in funding for Canada Business Ontario, also contributed to the increase in authorities and FTEs and reflects FedDev Ontario's evolving and expanding role in advancing the economic interests of southern Ontario.

[5] Please note that significant variances are described in Section II of this document.

The addition of Canada Business Ontario to FedDev Ontario and efforts to connect southern Ontario firms to Industrial and Technological Benefits are examples of how FedDev Ontario broadened its focus beyond the delivery of transfer payment programs and investments to advance its champion and convening roles in the region to best support the economic development of southern Ontario.

Alignment of Spending with the Whole-of-Government Framework

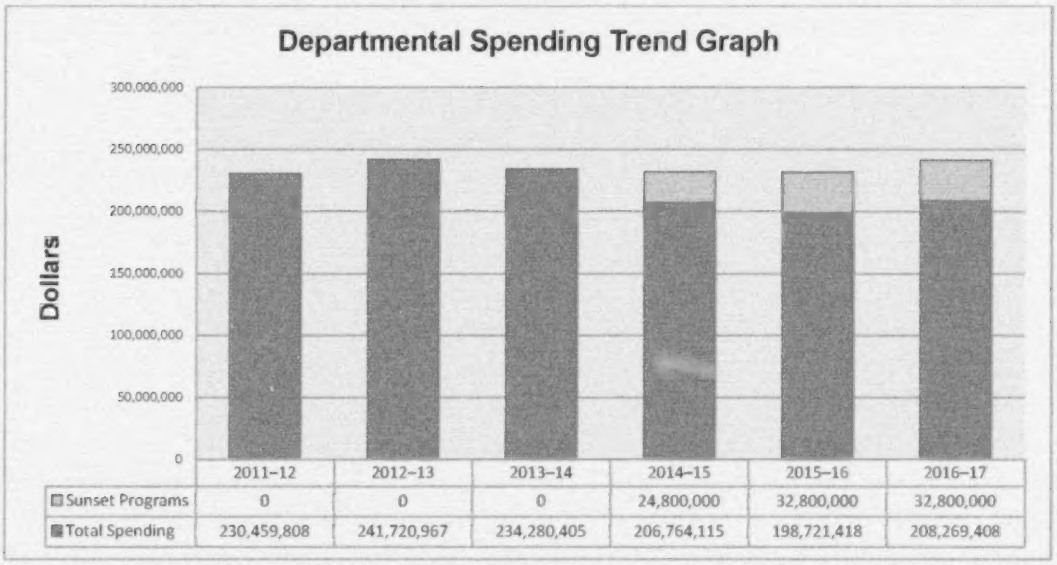
Alignment of 2013–14 Actual Spending with the Whole-of-Government Framework[ii] (dollars)

Strategic Outcome	Program	Spending Area	Government of Canada Outcome	2013–14 Actual Spending
A competitive southern Ontario economy	Technological Innovation	Economic Affairs	An innovative and knowledge-based economy	56,430,801
	Business Development	Economic Affairs	Strong economic growth	87,659,299
	Community Economic Development	Economic Affairs	Strong economic growth	71,120,480

Total Spending by Spending Area (dollars)

Spending Area	Total Planned Spending	Total Actual Spending
Economic Affairs	208,564,481	215,210,580

Departmental Spending Trend



	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17
Sunset Programs	0	0	0	24,800,000	32,800,000	32,800,000
Total Spending	230,459,808	241,720,967	234,280,405	206,764,115	198,721,418	208,269,408

The above graph presents FedDev Ontario's financial results over the final three years of its initial five-year mandate, which concluded in 2013–14, and the projected spending for the first three years of its next mandate beginning with 2014–15. The multi-year nature of FedDev Ontario's transfer payment programs enabled relatively stable spending between 2011–12 and 2013–14 as the Agency was able to increasingly maximize its spending year-over-year.

As previously outlined, a large proportion of FedDev Ontario's annual spending is a result of funding provided to recipients through its transfer payment programs. In years 2012–13 and 2013–14, this included the delivery of the two-year Community Infrastructure Improvement Fund across all of Ontario. With the conclusion of this program, FedDev Ontario's $24.8 million annual allocation is reflected in the "Sunset Programs" bar above for 2014–15 onward.

Estimates by Vote

For information on FedDev Ontario's organizational Votes and statutory expenditures, consult the *Public Accounts of Canada 2014* on the Public Works and Government Services Canada website.[iii]

FedDev Ontario's First Five Years:

FedDev Ontario was established in August 2009 and tasked with providing an immediate stimulus to the southern Ontario economy in the wake of the global economic recession.

FedDev Ontario moved quickly to respond to the needs of the region and create a targeted programming suite to support the Government of Canada's agenda of jobs, growth and long-term prosperity.

Since 2009, FedDev Ontario has been working to create opportunities for economic growth in southern Ontario by helping businesses become more competitive, innovative and productive by working with universities, colleges and research centres. In partnering with others, FedDev Ontario aims to promote economic prosperity by encouraging businesses to bring innovative ideas to the market; by supporting communities to develop and diversify local economies; and by championing the economic advantages that exist in southern Ontario.

These efforts have resulted in a list of impressive achievements by FedDev Ontario during the first five years:

- Almost $1.2 billion invested in the region through its programming suites;
- Over 5,300 partnerships established with a wide range of organizations across all of southern Ontario; and
- More than $1.5 billion in additional investments leveraged from almost exclusively non-government sources.

FedDev Ontario was renewed for an additional five years (2014–15 to 2018–19) through Economic Action Plan 2013. Going forward, FedDev Ontario will continue to build on its achievements from the first five years. There is more work to do to restore southern Ontario as an economic engine of growth (within Canada and globally). Together, with partners across southern Ontario, FedDev Ontario is ready to contribute to building a stronger economy in southern Ontario and Canada.

Section II: Analysis of Programs by Strategic Outcome

Strategic Outcome: A Competitive Southern Ontario Economy

In 2013–14, FedDev Ontario continued its efforts to support its singular strategic outcome: a competitive southern Ontario economy. FedDev Ontario is focused on achieving this outcome by building on the region's competitive advantages (such as: a well-educated and diverse population; an excellent network of higher learning institutions; a business-friendly environment;

a vibrant small business community; key economic clusters; and proximity and access to U.S. and international markets), to help address some of the persistent challenges facing the region.

FedDev Ontario directed its efforts in 2013–14 on four key areas in support of its strategic outcome: Technological Innovation, Business Development, Community Economic Development and Internal Services. Through these key areas, FedDev Ontario continued its delivery of transfer payment programs and services to individuals, businesses, communities and other key stakeholders across southern Ontario and strengthened its profile as a viable and active participant in the economic development of southern Ontario.

As indicated in the *Foreword* section of this document, information relating to financial, human resources and performance information is provided at the lowest level of the organization's Program Alignment Architecture. With regard to FedDev Ontario, this means that actual expenditures are provided at the sub-program level without comparison to planned spending.

FedDev Ontario has made best efforts to identify realistic targets for each of its programmatic and sub-programmatic areas. However, in certain cases there are sizeable discrepancies between the targets identified and actual results achieved. These discrepancies are partly explained by the fact that it is difficult to anticipate targets without having the benefit of historical data, since most of the programs under FedDev Ontario were launched in 2010–11.

Although improvements have been made to integrate better planning and reporting tools (e.g., Performance Measurement Strategies and training for officials and clients), FedDev Ontario continues to seek ways to set targets. Given that FedDev Ontario launched its new suite of programming (the Southern Ontario Prosperity Initiative and the Advanced Manufacturing Fund) at the end of 2013 in preparation for 2014–15, FedDev Ontario will continue to be challenged to identify clear and realistic targets.

With respect to planned results, please note that in most cases the published results are generated from activities undertaken during 2013–14. However, in certain instances, results may reflect activities over multiple years with the goal of providing the reader with a more comprehensive analysis of the impact of investments for initiatives that were launched in 2010–11 and completed in 2013–14.

Program 1.1: Technological Innovation[6]

Description

This program is intended to support the southern Ontario economy to be more innovative by creating new products, services, processes and markets so as to contribute to the region's competitiveness. This will be achieved by: encouraging the region's labour force to be more innovative; focusing on key emerging sectors; and by strengthening linkages between the region's businesses (especially small- and medium-sized enterprises) and its post-secondary institutions. These are the elements necessary to improve the region's productivity, accelerate economic growth and maintain and enhance the region's living standards in the context of a global, knowledge-based economy.

Transfer payments in support of this program are made through a variety of initiatives under the authority of the Southern Ontario Development Program through the administration of contribution agreements with businesses, not-for-profit organizations and post-secondary institutions.

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2013–14 Difference[7]
62,760,436	62,760,436	61,687,965	56,430,801	(6,329,635)

Human Resources (Full-Time Equivalents [FTEs])

2013–14 Planned	2013–14 Actual	2013–14 Difference
21	23	2

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Southern Ontario has a strong knowledge-based economy	Number of people in the labour force in southern Ontario that are considered "highly qualified personnel"[8]	2,183,400 people	2,195,600 people

[6] 2013–14 Actual Spending and Actual FTE amounts reflect total resource use for the program as well as all related sub-programs.

[7] The difference between actual and planned spending can be attributed to lower than expected project costs, delayed project completions, and the conclusion of FedDev Ontario's suite of programming, which did not allow for new projects to be initiated in 2013–14.

	Share of Ontario's employment in knowledge-intensive business services (KIBS)[9]	6.0%	6.1%

Performance Analysis and Lessons Learned

FedDev Ontario's activities and investments through the Technological Innovation program in 2013–14 aimed to support the long-term sustainability and global competitiveness of the southern Ontario economy. Through collaborative efforts with its partners in the region, including not-for-profit organizations, post-secondary institutions and small- and medium-sized enterprises, FedDev Ontario worked on a wide range of activities in 2013–14 (e.g., business skills training, internships/placements, etc.) to create an environment that would foster future innovation and growth for the southern Ontario economy.

FedDev Ontario also focused efforts on identifying opportunities to more efficiently and effectively use public funds and enhance its client-focused delivery, which included: strategically identifying projects yielding the most potential benefit for the southern Ontario economy; encouraging collaboration between key regional stakeholders to deliver programs and services; and using risk-based approaches to minimize the administrative burden on program recipients.

In total, FedDev Ontario invested $56.4 million for all activities under the Technological Innovation program, including $52.4 million in transfer payment funding to the five Southern Ontario Advantage Initiatives (Youth STEM, Graduate Enterprise Internship, Scientists and Engineers in Business, Applied Research and Commercialization and Technology Development Program) that supported the Science, Technology, Engineering and Mathematics Awareness, Skills Development and Technology Development and Commercialization sub-programs that follow. Through these investments, FedDev Ontario was able to exceed its initial performance targets for the Technological Innovation program and contribute to the overall success of FedDev Ontario's first five-year mandate, which concluded on March 31, 2014.

Moving into its second five-year mandate, FedDev Ontario will focus its efforts on supporting businesses to access the right skills rather than directly supporting skills development and training (Sub-Programs 1.1.1 and 1.1.2). FedDev Ontario's new suite of initiatives will continue to support some activities previously eligible under its skills development initiatives as part of

[8] *Highly skilled personnel* is defined by Statistics Canada as "individuals with university degrees at the bachelors' [sic] level and above" (Michael McKenzie, "A Profile of Canada's Highly Qualified People," *Innovation Analysis Bulletin*, 9, 2 (October 9, 2007), 29-32).

[9] The KIBS subsector includes establishments whose primary activities depend on human capital, knowledge, and skills. The KIBS final product is a consulting service and knowledge transfer. Other than being knowledge intensive, these services are intermediary (i.e., services intended for businesses).

broader project initiatives. For example, projects may include support to new entrepreneurs, opportunities for internships and support for skill development related to the adaptation or adoption of new technologies associated with productivity improvements in small- and medium-sized businesses.

Sub-Program 1.1.1: Science, Technology, Engineering, and Mathematics Awareness

Description

This sub-program provides non-repayable contributions to not-for-profit organizations to deliver programs aimed at encouraging young people from Kindergarten to Grade 12 to pursue science, technology, engineering and mathematics (STEM) education and careers. In the process, it also aims to develop the STEM employment pool and to improve young people's knowledge of the business of science. This sub-program is necessary as many employers in these fields are reporting current or anticipated skill shortages. STEM graduates are not only needed to fill future job vacancies, they are also a prerequisite for a more innovative and productive economy.

Budgetary Financial Resources (dollars)[10]

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference
n/a	5,795,558	n/a

Human Resources (FTEs)[11]

2013–14 Planned	2013–14 Actual	2013–14 Difference
n/a	1	n/a

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
More children and youth in southern Ontario are aware of science, technology, engineering and mathematics-related fields of study and/or careers	Number of children/youth enrolled in FedDev Ontario supported science, technology, engineering and mathematics awareness programs	150,000	833,603[12]

[10] 2013–14 Planned Spending was not identified at the sub-program level in the 2013–14 Report on Plans and Priorities.

[11] 2013–14 Planned FTEs were not identified at the sub-program level in the 2013–14 Report on Plans and Priorities.

[12] Includes formal enrollment in in-person classes, as well as online programs.

Performance Analysis and Lessons Learned

In 2013–14, FedDev Ontario's Youth STEM (Science, Technology, Engineering and Mathematics) initiative, which is the core Southern Ontario Advantage Initiative for this sub-program, spent $5.7 million in support of outreach and engagement activities that reached more than 830,000 children and youth across southern Ontario—680,000 more than anticipated for the 2013–14 fiscal year.

A key area of focus in 2013–14 was continuing to work with not-for-profit organizations in the region to promote critical thinking, science and technology careers and entrepreneurship to children and youth across southern Ontario. FedDev Ontario also focused on activities that had a broad reach across the region, including projects that reached 33,558 Francophone and 8,329 Aboriginal youth. An example of one partnership that had a large impact in 2013–14, was the Perimeter Institute's Brain STEM initiative, which reached more than 500,000 children and youth. As part of the initiative, the Perimeter Institute developed a curriculum and related teacher training in entrepreneurship, science, technology, engineering and mathematics, which is now being introduced in all secondary schools across Ontario. It also leveraged the expertise of a broad range of partners, including school boards, the Science Teachers' Association of Ontario, TVOntario, CBC Radio and businesses, such as Title Entertainment and Eclipse Productions.

A key lesson learned in 2013–14 is that funding regional not-for-profit organizations with a diverse mix of partners and an expansive network allowed FedDev Ontario to leverage more resources to better and more efficiently engage children and youth across southern Ontario. This resulted in the program exceeding its 2013–14 targets.

Sub-Program 1.1.2: Skills Development

Description

This sub-program provides non-repayable contributions to not-for-profit organizations and post-secondary institutions for the delivery of programs aimed at providing science, technology, engineering and mathematics (STEM) graduate students and recent graduates with business experience to complement their technical skills and the funding they need to commercialize their innovations. This is achieved through the creation of programs that offer internships in small- and medium-sized businesses, commercialization fellowships at universities and seed financing to help STEM entrepreneurs access the capital they need to bring their innovative ideas to market. This sub-program not only helps to meet future labour/skills shortages in the STEM fields, but also to build a vibrant and innovative workforce capable of meeting future challenges in a global, knowledge-based economy.

Budgetary Financial Resources (dollars)[13]

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference
n/a	15,800,360	n/a

Human Resources (FTEs)[14]

2013–14 Planned	2013–14 Actual	2013–14 Difference
n/a	1	n/a

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Southern Ontario science, technology, engineering and mathematics (STEM) graduates and graduate students have the business skills to work in related areas of employment	Number of STEM graduates and graduate students participating in internships or commercialization fellowships as a result of FedDev Ontario funding	100	775[15]
	Number of STEM graduate students/recent graduates who have participated in business skills training funded by FedDev Ontario who are subsequently employed or self-employed in related fields	50	1,039[16]

Performance Analysis and Lessons Learned

Providing southern Ontario graduates and graduate students with opportunities to gain practical work experience and business skills training to support the next generation of cutting-edge businesses, is another component for ensuring southern Ontario's long-term sustainability and economic growth.

Working in collaboration with not-for-profit organizations and post-secondary institutions, FedDev Ontario supported 650 internships for science, technology, engineering, and mathematics (STEM) graduate students and recent graduates in 2013–14 under the Graduate

[13] 2013–14 Planned Spending was not identified at the sub-program level in the 2013–14 Report on Plans and Priorities.

[14] 2013–14 Planned FTEs were not identified at the sub-program level in the 2013–14 Report on Plans and Priorities.

[15] May include some results from previous years not reported to FedDev Ontario until the 2013–14 fiscal year.

[16] These results include participants who participated in business skills training supported by FedDev Ontario in previous fiscal years, but whose employment was not reported until the 2013–14 fiscal year.

Enterprise Internship initiative. These experiences provided opportunities for on-the-job training and help in building the networks needed to secure future employment in STEM-related fields.

Through the Scientists and Engineers in Business initiative, FedDev Ontario worked in collaboration with not-for-profit organizations and post-secondary institutions to provide business skills and seed financing to assist 125 STEM graduates and graduate students commercialize their innovations and launch new businesses.

Some key lessons learned in 2013–14 under this sub-program are that collaborative partnerships between not-for-profit institutions and post-secondary institutions can be successfully leveraged to provide southern Ontario graduates and recent graduates with access to internship and business skills training opportunities, while providing participating businesses with a vehicle to address their challenges through the use of highly skilled interns. Projects involving organizations with broad reach across the region also allow new entrepreneurs to seamlessly access expertise regardless of their geographic location. A good example of this collaborative approach was the University of Toronto's partnership with the Ontario Brain Institute. This collaboration enabled the university to place interns in businesses as part of a Neurotech cluster supported by the Ontario Brain Institute. These successful placements led to the hiring of eight interns at the end of their placements. Another example of a successful partnership was the Mississauga Regional Innovation Centre's (VentureStart) collaboration with 13 regional innovation centres in southern Ontario, which assisted them in launching more than 100 new start-up businesses across the region in 2013–14.

Sub-Program 1.1.3: Technology Development and Commercialization

Description

This sub-program provides non-repayable contributions to established not-for-profit corporations and/or post-secondary institutions to support the commercialization of innovative products and services. This is achieved through funding collaborative ventures, which bring together and leverage the skill sets of various economic players. This sub-program addresses the difficulty in commercializing many of the innovations developed in the region, which is a key challenge facing the southern Ontario economy. There is a need to encourage collaboration so that post-secondary institutions, businesses (especially small- and medium-sized enterprises) and not-for-profit corporations can leverage their knowledge and skills to bring innovations to market more quickly and support the southern Ontario and Canadian economies to become more globally competitive.

Budgetary Financial Resources (dollars)[17]

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference
n/a	31,596,444	n/a

Human Resources (FTEs)[18]

2013–14 Planned	2013–14 Actual	2013–14 Difference
n/a	6	n/a

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results[19]
Southern Ontario businesses are able to bring innovative ideas to market	Number of organizations able to advance their innovations closer to market (e.g., product and applied research, engineering design, product design, etc.)	30	35
	Ratio of collaborations leveraged per project[20]	2:1	9:1

Performance Analysis and Lessons Learned

Leveraging collaborations in the private sector to promote greater technological innovation, commercialization and economic growth was also a key focus for FedDev Ontario's Technology Development Program in 2013–14. As part of the Southern Ontario Advantage Initiatives, which sunset in 2013–14, the Technology Development Program supported the creation of leading-edge business-led technology platforms and clusters in emerging industries such as water technology, neuroscience, big data, environmental sciences and health informatics.

In 2013–14, the Technology Development Program exceeded its performance targets by supporting 35 organizations, including not-for-profit and research institutions, post-secondary institutions and businesses, in advancing their innovations closer to market. In total, these

[17] 2013–14 Planned Spending was not identified at the sub-program level in the 2013–14 Report on Plans and Priorities.

[18] 2013–14 Planned FTEs were not identified at the sub-program level in the 2013–14 Report on Plans and Priorities.

[19] Excludes data from FedDev Ontario's Applied Research and Commercialization initiative, which ended in 2012–13.

[20] Each collaboration leverages significant private sector investments to contribute to the advancement of innovative ideas to market.

organizations advanced 86 innovations— 20 of which were successfully brought to market— under this initiative through activities such as product and applied research, engineering and product design. One example of the broad collaborations supported by the Technology Development Program is the Connected Health and Wellness Project. As part of the project, York University brought together 15 businesses and research organizations to create a common software platform and 40 software applications, which will allow individuals and their health care teams to collaboratively manage their health and well-being. The project also included an educational platform for healthcare professionals to establish standards in the practice and integration of health coaching into health promotion, disease prevention and management.

In addition to this work, FedDev Ontario incorporated the results of a survey of participants from its Applied Research and Commercialization initiative, which ended as of March 31, 2013, when planning its new suite of programs under the Agency's new mandate. With the launch in December 2013, the new programming suite includes the Investing in Commercialization Partnerships initiative, which responds to much of the feedback received in the survey. Results from the survey were also used to inform FedDev Ontario's work to develop longer-term approaches to promote technological innovation in small- and medium-sized enterprises in southern Ontario.

Key lessons learned in 2013–14 include the need to recognize and prepare for the complexity of large collaborations among many different partners, the importance of a strong anchor organization to manage projects and ensure project outcomes are achieved, and the value of risk-sharing between government and the private sector to encourage private-sector investment in emerging sectors. To this end, FedDev Ontario directed funding to support the efforts of these anchor organizations, mainly post-secondary institutions and research institutes, in establishing clusters in emerging industry segments, which facilitated business-to-business and business-to-post-secondary institution networking and collaborations in support of commercialization outcomes.

Program 1.2: Business Development[21]

Description

This program aims at supporting the 360,000 businesses (especially small- and medium-sized enterprises) in southern Ontario in their efforts to drive competitiveness by providing funding to encourage the creation of start-up companies, help existing businesses to expand and assist companies to improve their productivity.

[21] 2013–14 Actual Spending and Actual FTE amounts reflect total resource use for the program as well as all related sub-programs.

Transfer payments in support of this program are made through a variety of initiatives under the authority of the Southern Ontario Development Program through the administration of contribution agreements with businesses, not-for-profit organizations and post-secondary institutions.

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2013–14 Difference[22]
90,406,932	90,406,932	89,670,252	87,659,299	(2,747,633)

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference
32	33	1

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Southern Ontario businesses are able to respond to future economic challenges	Private investment in machinery and equipment in Ontario	To support businesses to meet or exceed their 2013 investment intentions	Preliminary results ($28.2 billion) indicate that businesses did not meet 2013 machinery and equipment investment intentions ($32.4 billion)
	Ontario's labour productivity (real gross domestic product per hour)	$42.38	Comparable labour productivity figure not available[23]

Performance Analysis and Lessons Learned

In recognition of the importance of access to capital, new equipment/technologies, cutting-edge research and collaborative networks to help businesses grow and succeed in the global market, FedDev Ontario invested $87.7 million in 2013–14 through its Southern Ontario Development Program and related Southern Ontario Advantage Initiatives (Investing in Business Innovation and the Prosperity Initiative).

[22] The difference between actual and planned spending can be attributed to lower than expected project costs, delayed project completions, and the conclusion of FedDev Ontario's suite of programming, which did not allow for new projects to be initiated in 2013–14.

[23] Statistics Canada data series (Cansim Table 383-0011) used to calculate this target has been terminated. The replacement data (Cansim Table 383-0029) are not fully comparable with those previously published.

Through this program, FedDev Ontario continued to focus its effort on providing targeted support to businesses by promoting the adoption of new technologies to enhance productivity and expand operations and to create jobs for Canadians. In 2013–14, the Business Development program also focused on continuing to build connections between southern Ontario businesses and various key stakeholders (e.g., angel/venture capital investors/networks, not-for-profit organizations and post-secondary institutions) within Canada and abroad to enable the type of growth and development that would allow them to better compete globally and to better integrate into successful global value chains. FedDev Ontario also worked to implement a new risk-based project monitoring plan to better leverage internal resources and investments, reduce the administrative burden on recipients and enhance client-focused service delivery.

Sub-Program 1.2.1: Business Investment

Description

This sub-program provides repayable and non-repayable contributions or seed financing to start-up businesses to accelerate the commercialization of new products, processes and practices and to leverage private sector investment. This sub-program addresses another key challenge to the southern Ontario economy: the lack of access to capital by start-ups to help commercialize their ideas. To remain competitive and a leader in the knowledge-based economy, southern Ontario entrepreneurs need access to capital to bring their ideas to market.

Budgetary Financial Resources (dollars)[24]

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference
n/a	19,517,713	n/a

Human Resources (FTEs)[25]

2013–14 Planned	2013–14 Actual	2013–14 Difference
n/a	7	n/a

[24] 2013–14 Planned Spending was not identified at the sub-program level in the 2013–14 Report on Plans and Priorities.

[25] 2013–14 Planned FTEs were not identified at the sub-program level in the 2013–14 Report on Plans and Priorities.

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Southern Ontario entrepreneurs have access to capital to help commercialize new products, processes or systems	Number of businesses in southern Ontario that have received funding to commercialize new products, processes or systems as a result of FedDev Ontario support	40	69
	Ratio of funding leveraged from other sources to FedDev Ontario funding	2:1	3.4:1[26]

Performance Analysis and Lessons Learned

During 2013–14, the Business Investment sub-program, which is supported by FedDev Ontario's Investing in Business Innovation initiative, focused on making strategic investments in start-up businesses from high-growth/priority sectors (e.g., information and communications technology) to help leverage domestic or foreign angel and venture capital in the development of innovative technologies and products. It also focused efforts on supporting southern Ontario angel investor networks to expand their membership base, thereby expanding the number and size of the pools of investment capital potentially available to high-growth firms.

This approach was successful in encouraging collaboration between entrepreneurs and angel and venture capital investors and increasing private sector investment in start-up enterprises. Overall, 69 businesses in southern Ontario received FedDev Ontario funding to commercialize new products, processes or systems in 2013–14 resulting in 58 percent more businesses being supported than anticipated.

Although funding leveraged against FedDev Ontario investments in the 2013–14 fiscal year did not meet the performance target of 2:1, it is not wholly unexpected as 2013–14 was the final year of the Investing in Business Innovation initiative. Given the multi-year nature of projects under this initiative, leveraged funds from external investors were generally provided upfront, which reduced the ratio of external investment to FedDev Ontario funding in later years. However, over the lifespan of the initiative, every dollar invested by FedDev Ontario leveraged $3.40 in private sector funding, which exceeded the initiative's overall requirements. A key lesson learned is that performance targets for funding leveraged from the private sector against FedDev Ontario contributions should correspond to a time frame equal to the initiative life cycle rather than annually to better reflect the nature of the initiative's leveraging requirements.

[26] Overall initiative performance was 3.4:1, but for 2013–14 it was 0.4:1. Funding leveraged against FedDev Ontario contributions is generally provided upfront, resulting in a lower ratio of leveraged funding in the final year of the project life cycle.

The Business Investment sub-program also supported investment attraction activities for 10 angel investor networks in southern Ontario and two associations that represent angel networks. Increased angel investor membership will enable these networks to support greater numbers of start-up enterprises in the future.

Another key lesson learned in 2013–14 was that angel networks lack sufficient members with sector expertise outside of information technology and traditional industries. A larger membership base would broaden the range of industry expertise and contacts and create greater potential for syndication with investors from other networks and venture capital firms. Angel groups also struggle to recruit new members to maintain and grow funds available for investment. Close collaboration and sharing the financial risk for projects helps minimize investor risk and allows angel (and venture capital) investors to invest in more projects.

Sub-Program 1.2.2: Business Productivity and Innovation

Description

This sub-program provides repayable and non-repayable contributions to for-profit and not-for-profit corporations to improve the productivity of individual businesses, industry sectors, sub-regional economies and economic clusters and the competitiveness of the southern Ontario economy. This is achieved by making strategic investments with an emphasis on three priority areas: productivity enhancements; regional diversification; and economic clusters. This sub-program addresses findings from a number of studies indicating that Ontario's productivity lags behind its U.S. counterparts.

Budgetary Financial Resources (dollars)[27]

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference
n/a	67,136,616	n/a

Human Resources (FTEs)[28]

2013–14 Planned	2013–14 Actual	2013–14 Difference
n/a	11	n/a

[27] 2013–14 Planned Spending was not identified at the sub-program level in the 2013–14 Report on Plans and Priorities.

[28] 2013–14 Planned FTEs were not identified at the sub-program level in the 2013–14 Report on Plans and Priorities.

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Southern Ontario businesses have enhanced capacity to support innovation and improve productivity	Number of new products, services, processes, practices, skills and technologies developed as a result of FedDev Ontario funding	300	221
	Number of economic clusters created, maintained or expanded as a result of FedDev Ontario support	10	26

Performance Analysis and Lessons Learned

During 2013–14, the Business Productivity and Innovation sub-program, supported through the work of FedDev Ontario's Prosperity Initiative, focused efforts on making strategic investment in projects that would have a broad impact on the southern Ontario economy in three key areas:

- Improving business productivity to allow businesses, particularly in the manufacturing sector, to better compete in global value chains and global markets;
- Promoting large cluster projects typically involving businesses and post-secondary institutions that are aimed at commercializing new innovations in key industrial growth areas (e.g., green chemical technology, advanced light-weight materials and high performance computing); and
- Supporting projects in regions with few industries to assist in diversifying the local economy and promoting economic growth, job creation and the transition towards a knowledge-based economy.

This three-pronged strategy resulted in the Prosperity Initiative supporting more than 469 businesses in southern Ontario in 2013–14. This support took the form of either financial support (271 businesses) and/or collaboration on joint projects with other partners. The initiative also resulted in the development or adaptation of more than 200 new products, processes, technologies and services; the creation/maintenance/expansion of 26 economic clusters; and the leveraging of $333.6 million in funding from the private sector, other levels of government and non-governmental organizations.

A key lesson learned from 2013–14 is that industry-driven collaborative projects between post-secondary institutions and small- and medium-sized enterprises using self-sustaining business models are an effective approach to support the commercialization of university/college-driven research. A good example of this success is FedDev Ontario's investment of $20 million in support of a high speed computing research and innovation platform in southern Ontario, titled

the Southern Ontario Smart Computing Innovation Platform, which brings together a consortium of seven universities and a lead industry partner, IBM.

The Platform will use state-of-the-art high performance and cloud computing systems to process very large amounts of data in research areas to develop products and services that address some of the world's most complex problems and position southern Ontario and Canada as a leader in the digital economy. Furthermore, this investment has significant commercialization opportunities, including infrastructure, resource management and neuroscience, and these opportunities will be explored through partnerships with southern Ontario businesses that are looking to develop new systems for managing traffic, food distribution, electricity, and more, as well as new tools that can be used to diagnose and treat neurological disorders.

Another lesson learned is the value of employing indirect delivery mechanisms such as not-for-profit organizations to distribute small contribution amounts, ensuring efficient and effective delivery and enhancing FedDev Ontario's reach and impacts into all areas of southern Ontario.

Program 1.3: Community Economic Development[29]

Description

This program supports the 288 communities (small and large, rural and urban, and Francophone and Aboriginal) in southern Ontario that are home to 12.7 million residents. These communities play a key role in enhancing southern Ontario's economic competitiveness, as strong, safe and modern communities are essential building blocks for the long-term prosperity of the region. Southern Ontario depends on communities that can attract the best talent and compete for investment as dynamic centres of commerce and learning. Through this program, FedDev Ontario will continue to work with others, including Infrastructure Canada, the Province and communities to support infrastructure needs within southern Ontario and to identify local solutions to local challenges and opportunities.

Transfer payments in support of this program are made through a variety of initiatives under the authority of the Community Futures Program, the Economic Development Initiative, the Eastern Ontario Development Program and infrastructure programming, such as the Community Infrastructure Improvement Fund. FedDev Ontario will support this program through the administration of contribution agreements with businesses, not-for-profit organizations, post-secondary institutions and municipalities.

[29] 2013–14 Actual Spending and Actual FTE amounts reflect total resource use for the program as well as all related sub-programs.

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2013–14 Difference[30]
55,397,113	55,397,113	75,083,532	71,120,480	15,723,367

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference
46	43	(3)

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Southern Ontario communities have strong economies able to sustain long-term economic development and growth	Percentage of southern Ontario census subdivisions with a decrease in employment insurance beneficiaries (year-over-year)	50 percent or more of southern Ontario census subdivisions have a decrease in employment insurance beneficiaries (year-over-year)	64 percent of southern Ontario census subdivisions had a decrease in employment insurance beneficiaries

Performance Analysis and Lessons Learned

The 2013–14 fiscal year was a transition year for the Community Economic Development Program and the related activities and transfer payment programs within its four sub-programs: Community Futures Program, Eastern Ontario Development Program, Official Language Minority Communities and Infrastructure Delivery. While the Community Futures Program was ongoing, the Eastern Ontario Development Program and Community Infrastructure Improvement Fund were approaching completion (as well as other programs delivered by FedDev Ontario on behalf of Infrastructure Canada), and the Economic Development Initiative was undergoing its own renewal.

As FedDev Ontario transitioned its activities, it continued to work collaboratively with a variety of regional partners (e.g., Community Future Development Corporations, economic development organizations, not-for-profit organizations, governments and businesses) to support southern Ontario communities through targeted investments in business growth and retention, job

[30] The difference between actual and planned spending can be attributed to the transfer of $19.8 million in authorities from 2012–13 to 2013–14 for the Community Infrastructure Improvement Fund. This is offset by below-budget final project costs, delayed project completion, and the conclusion of FedDev Ontario's suite of programming, which did not allow for new projects to be initiated in 2013–14.

creation, increased productivity and competitiveness, and infrastructure modernization. FedDev Ontario also focused work in 2013–14 on encouraging smaller and regional communities—particularly communities experiencing economic challenges—to find innovative and local approaches to build on their economic strengths. In total, FedDev Ontario invested $71.1 million across the following four sub-programs to provide strategic, targeted support to create the infrastructure to spur greater economic prosperity and advance the economic standing of communities across southern Ontario.

Sub-Program 1.3.1: Community Futures Program

Description

This sub-program is a national program, which provides funding to Community Futures Development Corporations to help rural communities develop local economies and long-term sustainability along four business lines: strategic community planning and priorities; community economic development projects; business services; and business loans. The Community Futures Program addresses a number of challenges facing rural communities. Although the recent economic downturn had a significant impact on all communities, rural communities (especially manufacturing-dependent communities) were hit the hardest. Rural southern Ontario also continues to face persistent challenges including: limited sources of funding for small- and medium-sized enterprises; consistently lower economic performance; a declining number of available jobs; an aging workforce; and youth out-migration. Research indicates that a region's prosperity is closely linked to the economic well-being of rural communities.

Budgetary Financial Resources (dollars)[31]

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference
n/a	12,138,162	n/a

Human Resources (FTEs)[32]

2013–14 Planned	2013–14 Actual	2013–14 Difference
n/a	16	n/a

[31] 2013–14 Planned Spending was not identified at the sub-program level in the 2013–14 Report on Plans and Priorities.

[32] 2013–14 Planned FTEs were not identified at the sub-program level in the 2013–14 Report on Plans and Priorities.

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Rural communities in southern Ontario have strong economies to help respond to future economic challenges	Number of businesses in rural southern Ontario that have been created, maintained or expanded as a result of Community Futures Program funding	2,100	5,185
	Number of jobs created or maintained in rural southern Ontario communities as a result of Community Futures Program funding	6,300	14,982
	Ratio of funds raised from other sources to Community Futures Program investments	1.7:1	4:1

Performance Analysis and Lessons Learned

In 2013–14, FedDev Ontario introduced an outcome-based funding component to the Community Futures Program's performance-based funding model, which had been initially launched in 2012–13 to enhance service delivery to rural businesses and communities. The performance-based funding model provides Community Futures Development Corporations with incentives to maximize their operational effectiveness and focus on improved performance and results. Through this enhanced focus on performance, southern Ontario Community Futures Development Corporations provided 785 new loans to small- and medium-sized enterprises in the region in 2013–14, disbursing an unprecedented $152 million in overall loan investments. Through these efforts, 5,185 new businesses were created, maintained, and/or expanded and 14,982 jobs were created and/or maintained in the region—more than double of targets set at the beginning of the year. The program also leveraged $4 for every dollar of FedDev Ontario contribution funding, which is an indication of the effectiveness of the Community Futures Program delivery model.

Overall, the changes implemented through the full adoption of the performance-based funding model under the Community Futures Program have resulted in increased business counseling and a higher number of business loans issued by Community Futures Development Corporations to small- and medium-sized enterprises in rural southern Ontario.

Sub-Program 1.3.2: Eastern Ontario Development Program

Description

This sub-program promotes socio-economic development in rural eastern Ontario, leading to a competitive and diversified regional economy and sustainable, self-reliant communities. Eastern Ontario Development Program contributions are available to support projects in two key areas: business development and community innovation.

The economic challenges facing rural eastern Ontario have been exacerbated in recent years as a result of the global recession and the pressures facing the manufacturing sector. The region is continuing to undergo adjustments, restructuring and related challenges. Eastern Ontario's relatively large rural working-age population is characterized by a higher share of older workers, while the region's youth are leaving the area for other opportunities. The economic hardship felt by workers, families and communities in this region is reflected in its relatively lower wages and household incomes, a lower rate of participation in the labour force and a higher proportion of people receiving employment insurance benefits when compared to Ontario overall.

Budgetary Financial Resources (dollars)[33]

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference
n/a	13,566,576	n/a

Human Resources (FTEs)[34]

2013–14 Planned	2013–14 Actual	2013–14 Difference
n/a	3	n/a

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Eastern Ontario communities have strong economies able to respond to future economic challenges	Number of businesses created, maintained or expanded in eastern Ontario communities participating in the Eastern Ontario Development Program	500	4,732
	Number of jobs created or maintained in eastern Ontario communities participating in the Eastern Ontario Development Program	5,000	6,044
	Ratio of funds raised from other sources to federal Eastern Ontario Development Program investments	2:1	2:1

Performance Analysis and Lessons Learned

Through the Eastern Ontario Development Program in 2013–14, FedDev Ontario continued to help eastern Ontario communities sustain and grow their economies by contributing to the

[33] 2013–14 Planned Spending was not identified at the sub-program level in the 2013–14 Report on Plans and Priorities.

[34] 2013–14 Planned FTEs were not identified at the sub-program level in the 2013–14 Report on Plans and Priorities.

development of businesses and expansion of their economic capacity. During 2013–14, eastern Ontario Community Futures Development Corporations were able to create, maintain and/or expand the number of businesses in eastern Ontario by more than nine times the anticipated target (4,732). This facilitated businesses' ability to create or maintain 6,044 jobs in the region and resulted in a two-fold return on FedDev Ontario's $13.2 million investment.

Further to the activities related to existing projects, FedDev Ontario also focused on the re-launch of the Eastern Ontario Development Program, which was allocated $48 million in funding over five years through Economic Action Plan 2013 (effective April 1, 2014).

A major lesson learned in 2013–14 is that increased emphasis on the alignment between the Community Futures Development Corporations' program investment decisions and local economic development priorities for business growth and economic diversification has benefitted a far greater number of eastern Ontario small- and medium-sized businesses than anticipated. As a result, in the 2014 re-launch of the sub-program, FedDev Ontario revised the Eastern Ontario Development Program guidelines to target projects with economic development priorities related to encouraging jobs, growth and prosperity.

Another important lesson learned is that the economic circumstances facing communities in eastern Ontario require strategic investments over a longer period of time. This lesson was incorporated into the five-year renewal of the Eastern Ontario Development Program in 2014.

Sub-Program 1.3.3: Official Language Minority Communities

Description

This sub-program includes the Economic Development Initiative, which is a national program that provides funding to Francophone and bilingual organizations to create jobs and sustainable economic growth in official language minority communities. The Economic Development Initiative focuses on providing funding for community strategic planning initiatives as well as business and economic development initiatives. This sub-program helps to ensure the long-term economic growth and sustainability of official language minority communities in southern Ontario. It is also part of the Government of Canada's *Roadmap for Canada's Official Languages 2013-2018: Education, Immigration, Communities*.

Budgetary Financial Resources (dollars)[35]

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference
n/a	500	n/a

Human Resources (FTEs)[36]

2013–14 Planned	2013–14 Actual	2013–14 Difference
n/a	0	n/a

Performance Results[37]

Performance Analysis and Lessons Learned

A major focus under this sub-program in 2013–14 was the re-launch of the Economic Development Initiative with a five-year investment (2013–2018) of up to $4 million as announced in Economic Action Plan 2013. Following the announcement, FedDev Ontario began outreach activities with official language minority communities in southern Ontario to encourage the development of projects for the new round of program funding, which was officially launched in February 2014.

Based on lessons learned in the previous round of Economic Development Initiative funding, program improvements were introduced, including updated program guidelines that provide greater clarity and focus for projects being delivered from 2013–2018 as well as investing in larger projects that can benefit Francophone communities across southern Ontario. FedDev Ontario will provide funding to eligible projects that support: 1) strategic community economic planning to enhance the economic base and competitiveness of Francophone communities and small- and medium-sized enterprises; and 2) business and economic development to respond to needs and foster the economic growth of community-identified industry sectors, including knowledge-based and manufacturing industries.

[35] 2013–14 Planned Spending was not identified at the sub-program level in the 2013–14 Report on Plans and Priorities.

[36] 2013–14 Planned FTEs were not identified at the sub-program level in the 2013–14 Report on Plans and Priorities.

[37] Given the renewal of the Economic Development Initiative in Economic Action Plan 2013 and official launch by FedDev Ontario in February 2014, there is no performance information to report for fiscal year 2013–14.

Sub-Program 1.3.4: Infrastructure Delivery

Description

This sub-program provides funding, often in partnership with other orders of government, to not-for-profit, private and public sector entities operating across a range of priority infrastructure areas (e.g., roadways, bridges, water and wastewater treatment, recreation and other urban/rural physical infrastructure). This sub-program includes infrastructure investments that support a prosperous economy for southern Ontario and Canada by maintaining and continuing to attract highly-skilled workers, businesses and investors. It also supports innovation in various industries, particularly the construction sector, by promoting modernization, the implementation of new technologies and the acceleration of products to market, thereby positioning the province and the country to better compete in the global economy.

While a large number of initiatives introduced under Canada's Economic Action Plan (2009) have successfully reached their respective construction deadlines, some of the longer-term initiatives, such as the Building Canada Fund— Communities Component Regular Intake, delivered in partnership with the Ontario government, continue to provide funding for ongoing projects across the province.

Budgetary Financial Resources (dollars)[38]

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference
n/a	43,987,463	n/a

Human Resources (FTEs)[39]

2013–14 Planned	2013–14 Actual	2013–14 Difference
n/a	16	n/a

[38] 2013–14 Planned Spending was not identified at the sub-program level in the 2013–14 Report on Plans and Priorities.

[39] 2013–14 Planned FTEs were not identified at the sub-program level in the 2013–14 Report on Plans and Priorities.

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Southern Ontario infrastructure is able to support future economic development and growth	Number of infrastructure projects funded and/or administered by FedDev Ontario	377	601[40]
	Number of completed infrastructure projects funded and/or administered by FedDev Ontario	360	275[41]
	Funds leveraged from other sources through infrastructure programming funded and/or administered by FedDev Ontario	1:1	1:1.3

Performance Analysis and Lessons Learned

In recognition of the vital role that infrastructure plays in supporting communities and businesses to grow, prosper and better compete in the global economy, FedDev Ontario invested nearly $44 million for Infrastructure Delivery, which helped fund and/or administer 601 projects in 2013–14. Although this represented a 63 percent increase over the original target of 377 projects, this increase was primarily the result of fewer projects being completed during the preceding fiscal year than initially projected. In contrast, FedDev Ontario had 275 infrastructure projects completed in 2013–14, representing a 24 percent decrease when compared to the original target. These results underscore the multi-year nature of infrastructure projects and funding as progress and completion can be influenced by a number of factors, including inclement weather. In all cases, projects are monitored closely for compliance against their respective funding agreements until their successful completion, and all efforts are made to ensure projects adhere to estimated timelines as closely as possible.

In 2013–14, FedDev Ontario continued to strengthen its relationship with regional stakeholders (e.g., federal departments, the Ontario government, municipalities, not-for-profit organizations, and First Nations) by working collaboratively to improve and rehabilitate local infrastructure. A key area of focus during the year was the administration of the Community Infrastructure Improvement Fund across Ontario, which supported the expansion of facilities such as community, recreational and cultural centres and arenas to encourage the economic growth and prosperity of Ontario communities. These projects leveraged external funds at ratios ranging from 1:1 to 2:1 (depending on the project) for each dollar contributed by FedDev Ontario in 2013–14. Taking this into account, along with the rest of the portfolio of infrastructure programs

[40] Includes projects active during the 2013–14 fiscal year.

[41] Project completion dates are subject to a variety of factors beyond FedDev Ontario's control, such as inclement weather and protracted tendering processes, which create challenges in forecasting and achieving targets.

delivered under this sub-program, $1.30 was leveraged for each dollar invested by FedDev Ontario in 2013–14.

Under this sub-program, FedDev Ontario was also responsible for continued monitoring of legacy activities as well as administering programs in partnership with others. Specifically in 2013–14, a total of 47 Community Adjustment Fund projects that had received funding in previous fiscal years were still subject to ongoing monitoring by FedDev Ontario employees for compliance and, in some instances, repayment of funding. Further work was also done to continue to administer the Recreational Infrastructure Canada program and deliver funding to the City of Brantford for the Brantford Greenwich–Mohawk Brownfield Remediation Project.

In 2013–14, FedDev Ontario continued to administer the Building Canada Fund and its Top-Up program across the province. This program, jointly funded with the Government of Ontario, provided funding for local infrastructure projects (e.g., roads, bridges, water treatment and high-speed broadband access) in communities with less than 100,000 people. FedDev Ontario also worked in joint partnership with the Province of Ontario to deliver the Canada–Ontario Municipal Rural Infrastructure Fund and unilaterally delivered the Municipal Rural Infrastructure Fund Top-Up program on behalf of Infrastructure Canada.

A key finding in 2013–14 is that lessons learned, evaluations and audit results from previous infrastructure programming can support improved client-focused service delivery. To this end, FedDev Ontario made continued improvements during the year to streamline business processes and enhance communications and client engagement.

Internal Services

Description

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services (including policy activities); Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2013–14 Difference[42]
14,248,285	14,248,285	20,266,932	19,069,825	4,821,540

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference
110	133	23

Performance Analysis and Lessons Learned

Throughout 2013–14, FedDev Ontario continued to support its program delivery and engagement activities through the provision of effective and efficient internal services, including financial services, human resource capacity building, communications activities, strategic policy guidance, and support for intergovernmental and stakeholder relations.

An ongoing focus across all internal services functions was the streamlining and optimizing of processes, systems and capacities that would enable FedDev Ontario to continue its effective program delivery while strategically positioning the organization to be more dynamic and responsive to client needs, as well as external reporting requirements.

To support this focus, FedDev Ontario was able to successfully implement improvements to its performance measurement and reporting capabilities through the strategic use of data from Statistics Canada, as well as a benchmarking review to enable comparisons to international jurisdictions. Further to this, FedDev Ontario implemented the Treasury Board's Directive on Performance Management and engaged other Regional Development Agencies on the implementation of the Treasury Board Secretariat's Common Human Resources Business Processes and sharing of tools.

In anticipation of its next five-year mandate, FedDev Ontario also reviewed and updated its existing governance structures in 2013–14 to ensure greater transparency and accountability in the decision-making process across the organization. This organizational evolution is indicative of the efforts FedDev Ontario has made year-over-year to its internal management and service delivery mechanisms as it has matured from its start-up status in 2009 to an efficient and

[42] The difference between actual and planned spending can be attributed to the June 2013 transfer of funding for Canada Business Ontario as well as increased activities, such as stakeholder engagement and outreach sessions, to support FedDev Ontario's five-year renewal.

productive economic development agency. In moving into its second five-year mandate, FedDev Ontario is building on its role as a co-investor by strengthening its ability to serve as a champion for the economic interests of southern Ontario, and as a convenor in bringing stakeholders together to respond to the region's challenges and opportunities.

To this end, the addition of Canada Business Ontario to FedDev Ontario in June 2013, as well as the advances made in supporting and promoting partnerships through the Industrial and Technological Benefits to southern Ontario firms, are further examples of how the organization continues to evolve and broaden its scope as it solidifies its position as a significant contributor to the future prosperity of southern Ontario.

Section III: Supplementary Information

Financial Statements Highlights

FedDev Ontario Condensed Statement of Operations and Departmental Net Financial Position (unaudited)
For the Year Ended March 31, 2014
(dollars)

	2013–14 Planned Results	2013–14 Actual	2012–13 Actual	Difference (2013–14 actual minus 2013–14 planned)	Difference (2013–14 actual minus 2012–13 actual)
Total expenses	181,317,000	204,622,076	173,395,770	23,305,076	31,226,306
Total revenues	0	20,784	0	20,784	20,784
Net cost of operations before government funding and transfers	181,317,000	204,601,292	173,395,770	23,284,292	31,205,522
Departmental net financial position	(1,501,000)	939,409	(2,145,211)	2,440,409	3,084,620

FedDev Ontario Condensed Statement of Financial Position (unaudited)
As at March 31, 2014
(dollars)

	2013–14	2012–13	Difference
Total net liabilities	78,338,641	121,464,606	(43,125,965)
Total net financial assets	79,073,990	119,118,137	(40,044,147)
Departmental net debt	735,349	(2,346,468)	3,081,817
Total non-financial assets	204,060	201,257	2,803
Departmental net financial position	939,409	(2,145,211)	3,084,620

Financial Statements

FedDev Ontario's complete Financial Statements (unaudited) for 2013–14 can be found on FedDev Ontario's website.[iv]

Supplementary Information Tables

The supplementary information tables listed in the *2013–14 Departmental Performance Report* can be found on FedDev Ontario's website.[v]

- Details on Transfer Payment Programs
- Internal Audits and Evaluations
- Sources Non-Respendable Revenue
- Greening Government Operations

Tax Expenditures and Evaluations

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures annually in the *Tax Expenditures and Evaluations*[vi] publication. The tax measures presented in the *Tax Expenditures and Evaluations* publication are the sole responsibility of the Minister of Finance.

Section IV: Organizational Contact Information

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Kitchener, Ontario N2H 6R2
Canada

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Fax: 519–571–5750

Appendix: Definitions

appropriation: Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures: Include operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report: Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Reports on Plans and Priorities. These reports are tabled in Parliament in the fall.

full-time equivalent: Is a measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada outcomes: A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

Management, Resources and Results Structure: A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the strategic outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures: Include net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance: What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve and how well lessons learned have been identified.

performance indicator: A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting: The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending: For Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs), planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their RPPs and DPRs.

plans: The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities: Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired strategic outcome(s).

program: A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

results: An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

Program Alignment Architecture: A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the strategic outcome(s) to which they contribute.

Report on Plans and Priorities: Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

Strategic Outcome: A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program: A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target: A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

whole-of-government framework: Maps the financial contributions of federal organizations receiving appropriations by aligning their programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.

Endnotes

i *Financial Administration Act*, http://laws-lois.justice.gc.ca/eng/acts/f-11/

ii. Whole-of-government framework, http://www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx

iii. *Public Accounts of Canada 2014*, http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html

iv 2013–14 Financial Statements, http://www.feddevontario.gc.ca/eic/site/723.nsf/eng/02093.html

v 2013–14 Supplementary Tables, http://www.feddevontario.gc.ca/eic/site/723.nsf/eng/02094.html

vi. *Tax Expenditures and Evaluations* publication, http://www.fin.gc.ca/purl/taxexp-eng.asp